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TO RUEHC/SECSTATE WASHDC PRIORITY 0249
INFO RUEKJCS/SECDEF WASHDC PRIORITY
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E.O. 12958: N/A

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- 1) In agreement on host-nation support, Japan and U.S. essentially maintain previous levels

NIKKEI (Page 2) (Full)
December 13, 2007

Japan and the United States reached an agreement yesterday in negotiations on a revision to the current Special Measures Agreement on Japan's host nation support (the so-called sympathy budget), which is due to expire at the end of March. Under the new agreement, the amount allocated for utility charges will be at the same level as this fiscal year in fiscal 2008 but will be cut by 400 million yen in both fiscal 2009 and 2010. Looking at the total amount of approximately 140.9 billion yen (in the fiscal 2007 budget), it can be taken that both sides, giving consideration to the importance of the Japan-U.S. alliance, agreed to maintain almost the same as the

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previous levels in effect.

After meeting with U.S. Ambassador to Japan Thomas Schieffer at the Foreign Ministry yesterday evening, Foreign Minister Masahiko Koumura said: "We've reached a satisfactory conclusion. The other side had said that Japan should increase the budget. We were able to produce an acceptable result."

The sympathy budget includes two portions -- one based on the Japan-U.S. Status of Forces Agreement (approximately 76.5 billion yen in fiscal 2007) that covers maintenance costs for US military facilities in Japan and other expenses, and another based on the Special Measures Agreement (approximately 140.9 billion yen) that covers utility charges and labor costs of Japanese employees working at U.S. bases.

Japan initially aimed to significantly cut the part of its host nation support under a renewed special agreement, given its severe financial conditions. But the U.S. fiercely reacted to Japan's proposal.

On utility charges, Japan will pay 25.3 billion yen in fiscal 2008, the same as the fiscal 2007 allocation, and 24.9 billion yen in fiscal 2009 and 2010 each, 400 million yen less than this fiscal year under the new agreement. Japan accepted these figures in the end, out of consideration to the U.S.

To minimize Japan's burden as much as possible, the calculation method for payment was changed. Japan will replace the cap on annual usage - as unit prices had risen with the spike in fuel costs - with a cap in payments.

Fearing a negative impact of the standoff in negotiations on the sympathy budget on the Japan-U.S. alliance, Japan began to aim to reach an agreement even if its requests were not accepted 100 PERCENT, as said by a senior Defense Ministry official.

Prime Minister Yasuo Fukuda, Ambassador Schieffer, and former Ambassador Baker met at a Japanese restaurant in Tokyo on the night of Dec. 4. A source familiar with the Japan-U.S. talks said: "The aim of the meeting was to strike a deal between Japan and the U.S."

on Japan's sympathy budget."

2) Japan, US agree on 800 million yen cut in Japan's host-nation support for U.S. military forces over three-year period

ASAHI (Page 4) (Full)
December 13, 2007

The governments of Japan and the United States agreed yesterday on a cut of 800 million yen in part of Japan's host-nation financial support for U.S. military forces stationed in Japan (the so-called sympathy budget) over a three-year period starting in fiscal 2008. The current Special Measures Agreement on Japan's host-nation support is due to expire at the end of March. The special agreement portion will be reduced for the first time in seven years since 2000. Japan aimed at a drastic cut annually in the special agreement portion, which had grown to of 140 billion yen, but the US opposed it, citing such reasons as increasing military expenses in Iraq. As a result, both sides agreed on only minor cuts.

Foreign Minister Koumura and U.S. Ambassador to Japan Thomas

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Schieffer met at the Foreign Ministry yesterday and agreed to extend the special agreement for another three years. After the meeting, Koumura told reporters: "The U.S. was even telling Japan at one point to increase the sympathy budget, so this is a somewhat satisfactory agreement."

Asked about whether the suspension of the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean affected the negotiations, Koumura said: "That (the MSDF withdrawal) might have been behind the U.S. side's strong assertion (that the current state must be maintained). It is undesirable to see the current very favorable Japan-U.S. relations deteriorate."

In the new agreement, the amount allocated to utility costs will be 25 billion yen in fiscal 2008 - the same as this fiscal year - but will be reduced by 400 million yen in fiscal 2009 and 2010 each. The Japanese government has so far covered the utility charges by capping the annual usage but will use value instead of usage under the new agreement so that Japan will be able to cope with oil price rises.

A senior Foreign Ministry official said: "There will be the effect of a 5 PERCENT budgetary cut, compared with the amount set in the rough-estimate budget request for fiscal 2008." The agreement also stipulated that the U.S. will make further efforts to economize on these expenditures. Japan was calling for a bold reform of the sympathy budget, reflecting Japan's increased financial burden related to U.S. force realignment, such as expenses for transferring Marines stationed in Okinawa to Guam. On this request, both sides agreed to make a comprehensive review.

On other portions than the special measures agreement, negotiations are going on between the parties concerned over cuts in maintenance costs for offered facilities (45.7 billion yen in fiscal 2007) and allowances for Japanese workers at U.S. military bases (about 10 billion yen in fiscal 2007).

3) Sympathy budget: Settlement reached with only slight cut based on consideration given to U.S.; Major progress in terms of cost-sharing system

YOMIURI (Page 2) (Full)
December 13, 2007

Special agreement talks to discuss Japan's share in the shouldering of the expenses for the U.S. forces stationed in Japan (host-nation support outlays) reached an agreement on a slight cut in its share of the utilities costs. However, the result shows that Japan took a noticeable stand of willingness to compromise, since it originally aimed at paving the way for ending the shouldering of water, lighting and heating expenses.

Meeting the press after talks with Foreign Minister Koumura, U.S.

Ambassador to Japan Schieffer noted, "The agreement this time was extremely beneficial from the viewpoint of maintaining the U.S.-Japan alliance." However, one senior Defense Ministry official revealed, "There were exchanges of views that were close to a shouting match" in the process of the talks reaching a settlement.

The so-called "sympathy budget" combines portions outlaid under the special supplemental accord to the Japan-U.S. Status-of-Forces Agreement (SOFA) and those paid under the SOFA itself. The budget

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totals 217.3 billion yen (for fiscal 2007). Japan's share is 74.5 PERCENT (in 2002), which is outstanding, compared with other countries that host U.S. forces. That of South Korea is 40 PERCENT . Germany shoulders 32.6 PERCENT . Regarding utility expenses, in particular, some Liberal Democratic Party (LDP) members belonging to the defense affairs policy clique in the Diet have been calling for a cut, with one noting, "The U.S. side lacks cost awareness."

For this reason, the Japanese government made a "bullish proposal" for cutting Japan's share in the utility expenses, which came to 25.3 billion yen in fiscal 2007, by 5 billion yen a year over five years to make the amount zero in the end.

The talks were rough-going, with the U.S. strongly calling on Japan to increase its share, citing as reasons its shouldering of war costs stemming from dispatches of an increased number of personnel to Iraq and the need to respond to the arms buildup by China. In the end, the U.S. side accepted Japan's assertion that it would be impossible to obtain public understanding without a reduction, even if only slightly.

The result was dissatisfactory for the Japanese side in terms of the sum of the money, but major progress has been made in terms of the system.

The usual method of setting Japan's share in utility costs was to set the ceiling for heating, gas and water supplies first. Then the Japanese government shoulders an amount within the set ceiling. However, both countries have now adopted a system of setting a total amount of utility expenses to be shouldered by Japan, replacing the conventional system.

A certain senior Defense Ministry official explained, "The U.S. will cover the portion exceeded the ceiling. This would be effective in the sense of having the U.S. side realize cost awareness." It would also be possible to avoid the effect of a sharp rise in electricity expenses due to high oil prices. As such, the same senior Defense Ministry official said, "The effect of cost reduction would be larger than the 1.5 PERCENT cut in the budget."

4) "Sympathy budget" to be reduced, affecting Japanese employees;
Cuts in allowances in focus

YOMIURI (Page 4) (Excerpts)
December 13, 2007

Tokyo and Washington reached yesterday an agreement in principle to reduce Japan's host nation support (commonly called the "sympathy budget") for U.S. forces in Japan. But in order to slash the overall budget, the government still needs to have tough talks with Japanese employees working at U.S. bases in the country. Japanese employees are reacting strongly to the planned budgetary cuts that would take a toll on them. The All Japan Garrison Forces Labor Union (Zenchuro) plans to stage its third strike on Dec. 17.

The salaries and allowances of Japanese employees working at U.S. bases are paid by the Japanese government in accordance with the Japan-U.S. Status of Forces Agreement.

The government is planning to abolish what is called the differential and language allowances that are paid in consideration of unique circumstances at U.S. bases, such as language and custom.

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At present, 10 PERCENT is added to base pay. Approximately 10 billion yen has been included in the HNS annually.

In the talks with Zenchuro that started in October, the government presented this view: "With Japanese people working at foreign firms in growing numbers today, the difference in language and custom at U.S. bases is no longer so unique." This is the reason to abolish the outdated system, according to the government.

There is a tacit understanding in the government, however, that there lies a bigger reason beneath it. A senior Foreign Ministry official admitted that behind it, there is consideration for Japan-U.S. relations, saying, "It is a good plan that does not directly put a financial burden on the United States and does not have adverse effects on the Japan-U.S. relations."

5) Government to implement 10 billion-yen economic package in connection with Futenma relocation plan

SANKEI (Page 2) (Excerpts)
December 13, 2007

The Futenma relocation consultative council composed of the government, Okinawa, and affected municipalities met yesterday at the Prime Minister's Official Residence (Kantei). In the session, the government announced its plan to implement shortly its 10 billion-yen economic package for Okinawa's northern area in fiscal 2007, which has been frozen, and to include about the same amount in its fiscal 2008 budget. An agreement was reached in principle to start an environmental impact assessment in areas around Camp Schwab, the relocation site, as early as January. Although the dialogue between the government and Okinawa has resumed, there was no progress on the planned relocation itself.

Tokyo and Washington adopted in May 2006 a plan to build a V-shaped pair of runways (on Camp Schwab). Okinawa repeatedly urged the government to move the envisaged runways further offshore, citing possible noise pollution affecting nearby residents. The government flatly rejected Okinawa's request by citing the bilateral agreement, and the consultative council has not met since January this year. The Fukuda administration, launched in late September, has gradually softened its stance, however.

Prime Minister Yasuo Fukuda held his first meeting with Okinawa Governor Hirokazu Nakaima on Oct. 31. Fukuda told the press: "I would like to push ahead with talks while incorporating Okinawa's thinking as much as possible." Talks at the consultative council resumed for the first time in 10 months on Nov. 7 under the presidency of the chief cabinet secretary instead of the defense minister and the Okinawa affairs minister, demonstrating the Kantei-led leadership in addressing the Futenma relocation issue.

Many observers ascribe the government's softened stance to the resignation of Vice Defense Minister Takemasa Moriya, who had played a central role in producing an agreement between Japan and the United States. A government official noted: "Mr. Moriya refused to budge even an inch regarding the plan he had put together. His posture hardened Okinawa's stance."

After the meeting yesterday, Governor Nakaima said to the press: "(The government) begins to show an attitude of listening closely to Okinawa's views." The government, however, reiterated its position

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of not making any changes to the plan unless there is a rational reason. A senior government official said: "Moving (the runways) by dozens of meters would be within the margin of error, but Okinawa is trying to extend the distance of the relocation by breaking it up into a number of times. The U.S. government would not agree to such an approach." Chief Cabinet Secretary Machimura said in a press conference yesterday: "The Japan-US agreement is paramount."

6) Futenma relocation council meets: Government, Okinawa reach agreement to make efforts for smooth environmental assessment

The Futenma Relocation Consultative Council, a body to discuss the planned relocation of the U.S. Marine Corps' Futenma Air Station among the government, Okinawa and affected municipalities, held its fifth meeting yesterday at the Prime Minister's Official Residence (Kantei). The government and Okinawa reached an agreement to make efforts for the smooth implementation of an environmental impact assessment that will start as early as next January around Camp Schwab, the relocation site, pushing the matter a step forward. The government announced that it will implement its fiscal 2007 economic package (approximately 10 billion yen annually) to the northern area and include about the same amount in its budget for fiscal 2008.

Governor Hirokazu Nakaima and Nago Mayor Yoshikazu Shimabukuro reiterated their request to move the government's plan to build a V-shaped pair of runways as far offshore as possible. In response, Defense Minister Ishiba said: "Changes cannot be made unless there is a rational reason." The two sides remain wide apart.

7) Ex-DFAA local chief quizzed over USFJ realignment projects

TOKYO SHIMBUN (Page 1) (Abridged)
December 13, 2007

A task force of the Tokyo District Public Prosecutors Office yesterday questioned a 61-year-old retiree from the now-defunct Defense Facilities Administration Agency (DFAA), who was a director general of the DFAA's Naha bureau in Okinawa Prefecture (currently the Okinawa Defense Bureau), sources revealed. The former director general of the DFAA's Naha bureau is said to be a confidant of former Administrative Vice Defense Minister Takemasa Moriya, 63, who has been arrested on bribery charges. The former director general was one of those in charge of realigning the presence of U.S. forces in Japan. The task force searched the Defense Ministry on Nov. 29 and then confiscated materials related to Futenma airfield's relocation and other documents. The task force is believed to have questioned the former DFAA Naha bureau chief about the circumstances of the U.S. military's realignment.

The questioned retiree was a noncareer senior official, who served as director general of the DFAA's Naha Defense Facilities Administration Bureau from January last year through August this year. His retirement was pushed back on Moriya's authority, according to the sources.

Japan and the United States have finalized their talks over the realignment of U.S. forces in Japan, incorporating an agreement to relocate Futenma airfield in Okinawa Prefecture to a coastal area of Camp Schwab in the island prefecture's northern coastal city of

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Nago. In exchange for Futenma relocation, the Japanese and U.S. governments also agreed on a plan to move about 8,000 U.S. Marines from Okinawa to Guam. The Japanese government plans to build U.S. military facilities and construct housing for about 3,500 families. For Guam plans, the Japanese government will invest in a private-sector corporation that will undertake construction and management. The total cost of Guam relocation is estimated at 6.09 billion dollars (730 billion yen).

Japanese construction and trading companies are aiming for the Guam relocation project. In addition, Yamada Corporation, a trading firm dealing in equipment for the Self-Defense Forces, and Nihon Mirise Corporation, established by Motonobu Miyazaki, 69, who was a managing director of Yamada Corp. and has been rearrested on the charge of bribery, also desired contracts for the project. The task force seems to be investigating the whole picture of defense interests, suspecting that Moriya might have favored Miyazaki.

8) Police to arrest MSDF officer today for Aegis data leaks: First application of the Japan-US secrecy protection law

MAINICHI (Page 1) (Abridged)
December 13, 2007

A 33-year-old Maritime Self-Defense Force petty officer second class assigned to the MSDF's Escort Flotilla 1 took out classified data about an Aegis ship. In this incident of information leakage, Kanagawa prefectural police and MSDF shore police will arrest a 34-year-old MSDF lieutenant commander today on the charge of violating the Japan-U.S. Secret Protection Law. The lieutenant commander was with a program unit (currently the Ship Development Group) in charge of maintaining and controlling systems for Aegis-equipped ships. The police will shortly send papers to prosecutors on several MSDF officers, including a 43-year-old lieutenant commander and a 49-year-old lieutenant, who were both instructors at the MSDF's 1st Service School in the city of Etajima, Hiroshima Prefecture.

In 2002, the lieutenant commander allegedly gave classified data about an Aegis ship to the lieutenant commander who was an instructor at the MSDF's 1st Service School. The two MSDF officers got to know each other when they were studying in the United States. The former 1st Service School instructor is believed to have asked for Aegis data.

The Aegis data was passed on to the lieutenant who was also an instructor at the 1st Service School, police said. The lieutenant copied a data file and gave its copies to several dozen MSDF members who were trained at the 1st Service School and who were not authorized to handle classified data. Data file copies were multiplied and proliferated to the crew of two MSDF destroyers, Shimakaze and Hatsuyuki. In the end, the petty officer second class seems to have received the data from a 23-year-old leading seaman, who was the petty officer second class' colleague when assigned to a destroyer.

9) Upper House committee likely to take vote on new antiterrorism bill in early January; Secretaries general of six parties to meet today

TOKYO SHIMBUN (Page 2) (Full)
December 13, 2007

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The possibility became strong yesterday that the House of Councillors Committee on Foreign Affairs and Defense will delay until early next month a vote on a new antiterrorism special measures bill to resume the Maritime Self-Defense Force's refueling operation in the Indian Ocean.

In a meeting today of the secretaries general of both Diet chambers from six ruling and opposition parties, the ruling camp, which aims to enact the bill during the current Diet session, will convey its policy of re-extending the ongoing session, which will end on Dec. 15, until the middle of January and seek understanding from the opposition bloc. However, if a second vote on the new antiterrorism bill in the Lower House is delayed to next January, the regular Diet session will convene amid the ruling and opposition remaining in standoff.

The largest opposition party Democratic Party of Japan (DPJ or Minshuto) has insisted that it is necessary to shed light on a series of scandals involving the Defense Ministry before putting the bill to a vote. The DPJ demands 1) hearing from former Yamada Corp. executive Motonobu Miyazaki, who is under arrest, 2) Diet testimony by former Defense Minister Fumio Kyuma and intensive deliberations on reform of the Defense Ministry. The party thinks about 40 hours, excluding deliberations on the scandals, are needed.

The committee has spent about 17 hours for deliberations on the bill as of yesterday. Since only five working days remain before the end of the year, it is difficult to conclude both the clearing up of the scandals and deliberations on the bill.

DPJ Secretary General Yukio Hatoyama yesterday told reporters in the Diet building: "We will have to shed light on the scandals. Considerable time will be needed. It is not that easy (to take a vote on the bill before the end of the year)."

Four opposition parties -- the DPJ, the Japanese Communist Party, the Social Democratic Party, and the People's New Party -- will decide in a party-head meeting today to oppose a re-extension of the Diet session. The ruling coalition, however, intends to take a vote on a re-extension in a plenary session on Dec. 14 of the House of Representatives.

10) SDP head Fukushima: If new antiterrorism bill is readopted in Lower House, censure motion against prime minister should be submitted

MAINICHI (Page 5) (Full)
December 13, 2007

Asked by the press about her party's response if the ruling camp takes a second vote on a new antiterrorism special measures bill in the House of Representatives, Social Democratic Party (SDP) Chairperson Mizuho Fukushima said: "That will lead to useless Upper House debate. It means neglecting public opinion. I think a censure motion against the prime minister should be submitted to the Diet."

11) Re-extension of Diet session to be adopted in Lower House tomorrow: Ruling parties calling for participation of opposition parties in social security talks

SANKEI (Page 5) (Excerpts)

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December 13, 2007

Following a meeting between Prime Minister Yasuo Fukuda and New Komeito head Akihiro Ota, the government and the ruling parties yesterday formally decided to re-extend the extraordinary Diet session, which is to end on Dec. 15, until January 15 next year. They will present their decision to the Upper House president and the Lower House speaker today and adopt it at a plenary session of the Lower House on the 14th. Prior to this, Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki yesterday secretly met with Democratic Party of Japan (DPJ or Minshuto) Secretary General Yukio Hatoyama and others at a Tokyo hotel. Ibuki during the meeting called for putting the new antiterrorism special measures legislation to a vote in the Upper House before year's end. He also proposed setting up a social security national council, a consultative panel for the ruling and opposition parties to discuss social security and the tax system.

Though the secret meeting bogged down, Ibuki intends to call for the opposition camp's cooperation for the new antiterror legislation and participation in the envisaged panel by holding a meeting of the secretaries general of both the ruling and opposition parties today.

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After this meeting, he will hold a meeting of Diet Affairs Committee chairs of both the ruling and opposition parties of the Lower and Upper Houses, where the secretaries general of the LDP and the DPJ are expected to propose re-extending the Diet session.

Four opposition parties yesterday afternoon held a meeting of Diet Affairs Committee chairs and confirmed a policy of responding to a meeting of secretaries general but opposing the proposal for re-extending the Diet session and putting the new antiterror legislation to a vote before year's end.

The LDP and New Komeito will ask the opposition camp to continue deliberations at the Upper House Foreign Affairs and Defense Committee and seek a roll call on the bill when deliberation time exceeded 40 hours. If matters proceed as envisaged, the legislation will be voted down in the Upper House and be put to a vote again at a Lower House plenary session. However, with the opposition camp standing firm on their stance of giving priority to pursuing scandals involving the Defense Ministry, prospects for whether this will go according to plan have yet to be ascertained.

12) Government breaks commitment to resolve pension issue; Ruling camp worrying about negative impact, DPJ aiming to make it a

campaign issue in Lower House election

MAINICHI (Page 5) (Excerpts)
December 13, 2007

Now that the Liberal Democratic Party's campaign pledge to conclude by the end of next March the identification of holders of 50 million pension accounts that remain unidentified will likely be broken, there was growing concern yesterday in the government and ruling parties that they may come under heavy fire now from the public. Meantime, the main opposition Democratic Party of Japan (DPJ or Minshuto) intends to pursue the responsibility of Health, Labor and Welfare Minister Yoichi Masuzoe and strengthen its offensive with an eye on making the pension fiasco a campaign issue in the next House of Representatives election.

In a session yesterday of the Lower House Committee on Health, Labor
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and Welfare, DPJ lawmaker Akira Nagatsuma, who discovered the pension fiasco, questioned Masuzoe and urged him to thoroughly investigate the ledger of pension records.

Masuzoe: "I expressed my determination to Mr. Nagatsuma to resolve the ledger problem. But there is a financial and manpower problem."

Nagatsuma: "You are saying that more manpower is needed. It sounds you have lost your drive."

Masuzoe presumed that if a reinvestigation of the more than 800 million pages of paper work was carried out, more input errors into the computer system would be found out. Prior the committee session, Liberal Democratic Party (LDP) Diet Committee Chairman Tadamori Oshima told Masuzoe: "You should better not make remarks that can be taken as excuses." His remark indicated that the government and ruling coalition were alarmed by the pension issue.

13) Bali Climate Change Conference: U.S. comes up with counterproposal for cuts in greenhouse gas emissions without numerical targets; Japan supports it

MAINICHI (Page 2) (Excerpts)
December 13, 2007

It was found on Dec. 12 that the U.S. and other countries came up with a proposal for cuts in greenhouse gas emissions without numerical targets to counter the Bali roadmap covering the next two years jointly proposed by the chairmen at the 13th session of the Conference of the Parties to the United Nations Framework Convention on (COP13) (Bali Climate Change Conference).

The chairmen's proposal calls on industrialized countries to set their own reduction targets. The U.S. also opposed this proposal, contending that future discussions would be biased.

The joint chairmen's proposal was submitted on Dec. 11, and participating countries expressed their countries' opinions. An informal meeting led by working-level officials was held on Dec. 12.

The chairmen's proposal called for 25 PERCENT -40 PERCENT cuts by 2020 compared with 1990 levels. However, according to more than one informed source, Russia made a counterproposal noting that it would be necessary for all countries to strengthen efforts and act jointly for more cuts in greenhouse gas emissions. The U.S. and Japan supported this proposal.

SCHIEFFER